

**LABOR MARKETS AND
EMPLOYMENT GENERATION in TURKEY**

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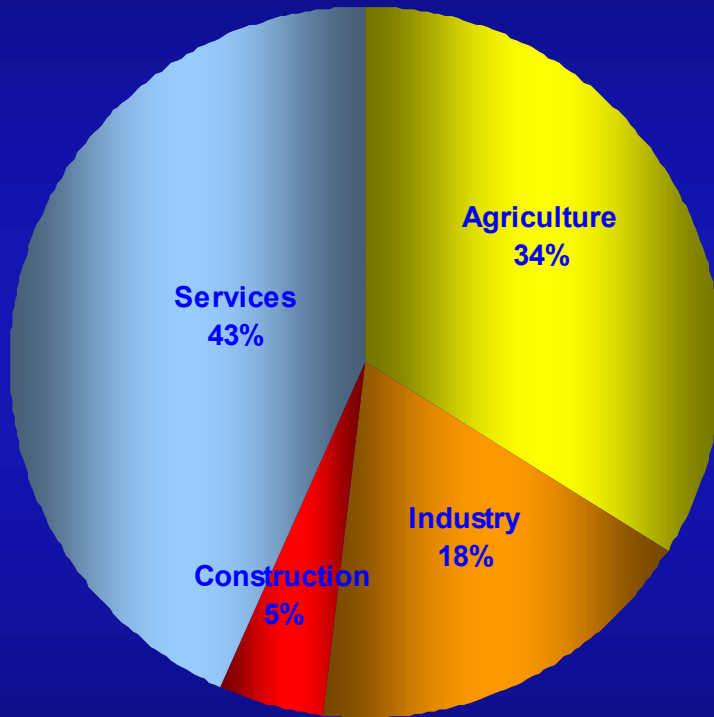
Sectoral Breakdown of Employment (%)

<i>2004</i>	<i>Agriculture</i>	<i>Industry</i>	<i>Services</i>
<i>USA</i>	<i>1.6</i>	<i>20.0</i>	<i>78.4</i>
<i>Japan</i>	<i>4.6</i>	<i>28.7</i>	<i>66.7</i>
<i>EU 15 avg.</i>	<i>3.7</i>	<i>26.9</i>	<i>69.4</i>
<i>Germany</i>	<i>2.4</i>	<i>31.0</i>	<i>66.6</i>
<i>France</i>	<i>3.5</i>	<i>23.1</i>	<i>73.4</i>
<i>Italy</i>	<i>4.5</i>	<i>31.0</i>	<i>64.5</i>
<i>Spain</i>	<i>5.5</i>	<i>30.5</i>	<i>64.0</i>
<i>UK</i>	<i>1.3</i>	<i>22.4</i>	<i>76.4</i>
<i>Korea</i>	<i>8.1</i>	<i>27.5</i>	<i>64.4</i>
<i>Mexico</i>	<i>16.0</i>	<i>25.1</i>	<i>59.0</i>
<i>Poland</i>	<i>18.0</i>	<i>28.8</i>	<i>53.2</i>
<i>Hungary</i>	<i>5.3</i>	<i>33.2</i>	<i>61,5</i>
<i>Turkey</i>	<i>34.0</i>	<i>23.0</i>	<i>43.0</i>

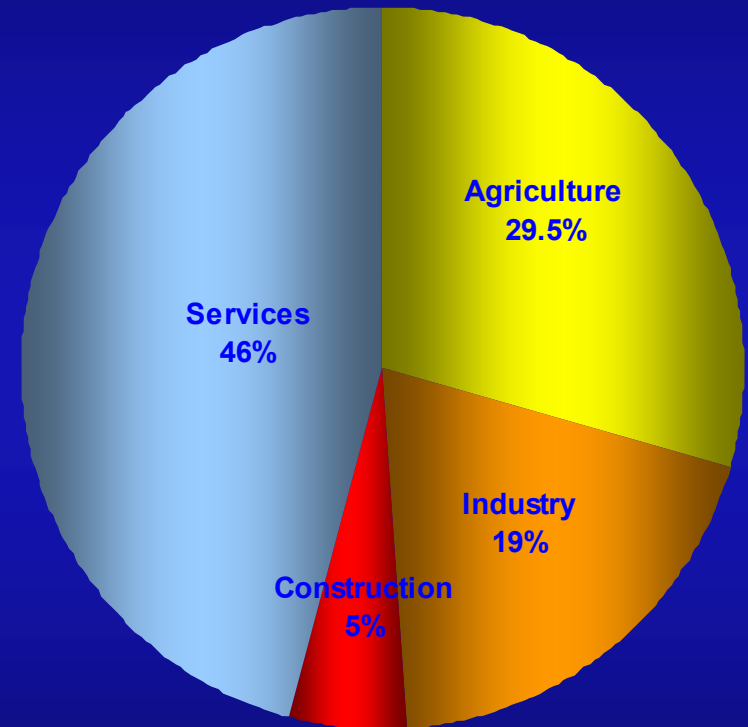
Source: OECD, Labor Force Statistics

Distribution of Employment by Economic Activity (%)

Shift from agriculture to industry and services



2003



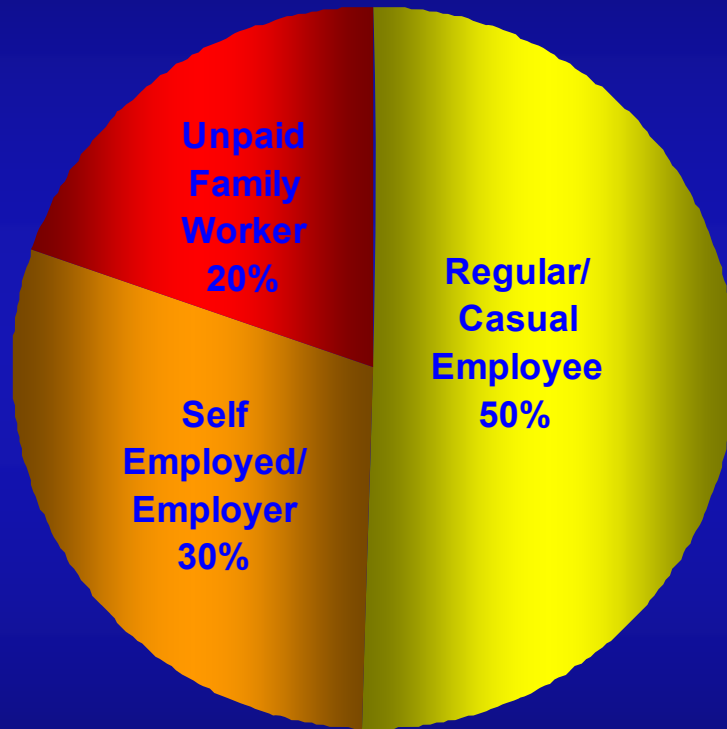
2005

Comparison According to Employment Status (%)

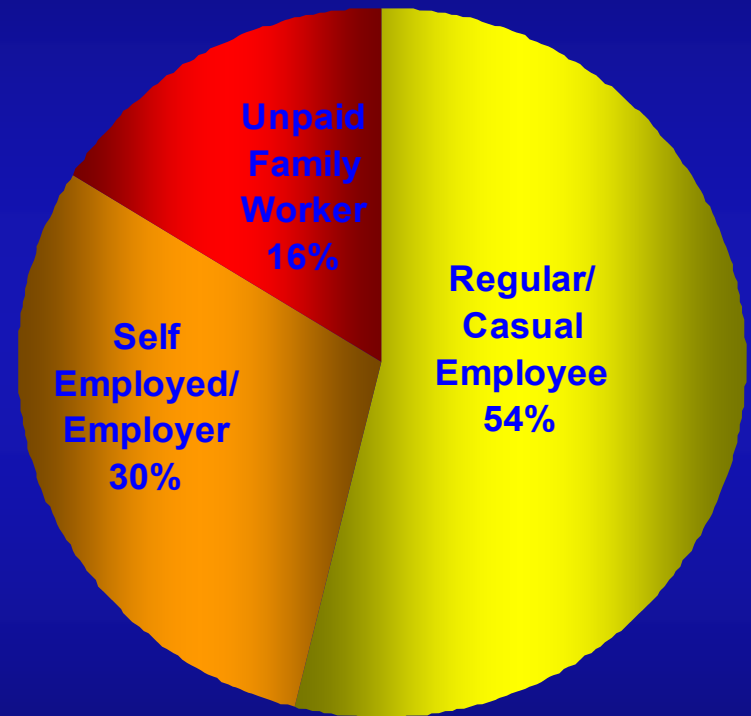
<i>2004</i>	<i>Regular & Casual Employee</i>	<i>Employer & Self Employed</i>	<i>Unpaid Family Worker</i>
<i>USA</i>	<i>92.4</i>	<i>7.5</i>	<i>0.1</i>
<i>Japan</i>	<i>85.0</i>	<i>10.4</i>	<i>4.6</i>
<i>EU 15 avg.</i>	<i>84.2</i>	<i>14.6</i>	<i>1.2</i>
<i>Germany</i>	<i>88.2</i>	<i>10.8</i>	<i>1.0</i>
<i>France</i>	<i>91.2</i>	<i>8.8</i>	<i>0.0</i>
<i>Italy</i>	<i>71.6</i>	<i>25.8</i>	<i>2.6</i>
<i>Spain</i>	<i>81.9</i>	<i>16.6</i>	<i>1.4</i>
<i>UK</i>	<i>86.4</i>	<i>12.8</i>	<i>0.8</i>
<i>Korea</i>	<i>66.0</i>	<i>27.1</i>	<i>6.9</i>
<i>Mexico</i>	<i>63.0</i>	<i>29.6</i>	<i>7.4</i>
<i>Poland</i>	<i>73.3</i>	<i>21.2</i>	<i>5.5</i>
<i>Hungary</i>	<i>85.7</i>	<i>13.9</i>	<i>0.4</i>
<i>Turkey</i>	<i>50.8</i>	<i>29.4</i>	<i>19.7</i>

Source: OECD, Labor Force Statistics

Distribution of Employment by Employment Status (%)



2003



2005

Structure of Employment in Agriculture

- **mostly composed of family-workers**
- **high women participation to employment**
- **low productivity**
- **short working periods**
- **low level of education**

Structure of Employment in Services

- **generated in urban areas**
- **diversified employment structure** (Tourism, Retail Commerce, Transportation, Communication, IT, Financial Services, etc.)
- **requires skilled labor**
- **low productivity relative to industry**

Structure of Employment in Industry

- **becoming more technology intensive**
- **requires skilled labor**
- **more productive than agriculture and services**

Main Challenges

- **new entrances to labor force** (*approx. 500 thousand a year*)
- **transition in the employment structure from agriculture to services** (*approx. 400 thousand a year*)
- **improvement of women participation to employment**

Necessary Conditions For Generating More & Better Employment

Maintaining Stable Macroeconomic Environment

- sustaining high growth
- price stability

Main Policies

- private sector led growth
- improved factor productivity
- improving investment climate
- more developed financial markets

Short to Medium Term Policy Actions

- **improving labor market flexibility**
 - promote flexible working arrangements
 - re-design severance payment,
 - re-consider wage and labor costs schemes

- **designing education policy according to labor market needs**
 - implementing well-designed Active Labor Market Policies to harmonize vocational education and labor market needs
 - promote vocational training, life-long education, quality of general education system

European Employment Strategy

Revised Lisbon Strategy Employment Guidelines(2005-2008)

- **improving quality and productivity at work,**
- **improving matching of labor market needs,**
- **promote flexibility combined with employment security,**
- **ensure employment-friendly wage and other labor costs,**
- **expand and improve investment in human capital.**